Memorandum of Understanding

At the signing today of the Agreement Between the Government of New Zealand and the Government of the United States of America to Improve International Tax Compliance and to Implement FATCA (hereinafter the "Agreement"), the representatives of New Zealand and the United States of America wish to confirm their understanding of the following:

It is understood that organizations registered under the Charitable Trusts Act 1957 and the Charities Act 2005, and donee organizations as defined in the Income Tax Act 2007, would be treated as NFFEs that satisfy subparagraph B(4)(j) of section VI of Annex I.

It is understood that an entity established in New Zealand that (i) manages or operates an employee stock option or employee share purchase plan and (ii) is not otherwise a New Zealand Financial Institution, would be treated as an NFFE that satisfies subparagraph B(4)(i) of section VI of Annex I.

It is understood that in the case of securities registered with a "designated settlement system" for purposes of part 5C of the Reserve Bank of New Zealand Act 1989 that are held by or through one or more other Financial Institutions that are not Nonparticipating Financial Institutions, the relevant Financial Accounts would be treated as held by such other Financial Institutions, and such other Financial Institutions would be responsible for any reporting necessary with respect to such Financial Accounts. However, in accordance with paragraph 3 of Article 5 of the Agreement, the relevant settlement system may report on behalf of such other Financial Institutions.
It is understood that for purposes of subparagraph 4(b) of paragraph A of Section I of Annex II, the term “Guardians of New Zealand Superannuation” includes any wholly-owned subsidiary of the Guardians of New Zealand authorized by statute to carry out any of the investment functions of the Guardians of New Zealand.

It is understood that for the purposes of paragraph A of Section I of Annex II, the entities controlled by the New Zealand Government known as Southern Response and Crown Asset Management would be treated as Non-Reporting New Zealand Financial Institutions and as exempt beneficial owners for the purposes of sections 1471 and 1472 of the U.S. Internal Revenue Code.

It is understood that for purposes of paragraph 1 of Article 2 (Obligations to Obtain and Exchange Information with Respect to Reportable Accounts), the use of the term “annually” is not intended to preclude the Parties from exchanging information on a more frequent basis than annually.

In reference to paragraph 1 of Article 10 (Term of Agreement), the Government of the United States understands that the Government of New Zealand has introduced legislation that is to enable the Agreement to be implemented in New Zealand, with the goal of having the Agreement enter into force by September 30, 2015. Based on this understanding, as of the date of signature of the Agreement, the United States Department of the Treasury intends to treat each New Zealand Financial Institution, as that term is defined in the Agreement, as complying with, and not subject to withholding under, section 1471 of the U.S. Internal Revenue Code during such time as New Zealand is pursuing the necessary internal procedures for entry into force of the Agreement. The United States further understands that New Zealand’s Inland Revenue intends to contact the United States
Department of the Treasury as soon as it is aware that there might be a delay in the New Zealand internal approval process for entry into force of the Agreement such that New Zealand would not be able to provide its notification under paragraph 1 of Article 10 of the Agreement prior to September 30, 2015. If upon consultation with New Zealand, the United States Department of the Treasury receives credible assurances that such a delay is likely to be resolved in a reasonable period of time, the United States Department of the Treasury may decide to continue to apply FATCA to New Zealand Financial Institutions in the manner described above as long as the United States Department of the Treasury assesses that New Zealand is likely to be able to send its notification under paragraph 1 of Article 10 by September 30, 2016. It is understood that should the Agreement enter into force after September 30, 2015, any information that would have been reportable under the Agreement thereafter (and prior to its entry into force) had the Agreement been in force by September 30, 2015, is owed on the September 30 next following the date of entry into force.

Signed at ________, in duplicate, in the English language, this ___ day of _____, 20___.

FOR THE GOVERNMENT OF NEW ZEALAND: FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA: